



ESG integration and Sustainable bond market

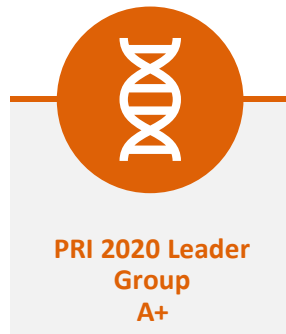
AXA Investment Managers

June 2021

ESG Integration

AXA IM Core, a global leader in responsible investing

ESG is fully integrated across our investment processes and embedded within our organisation



ESG Integration based on common foundations

3 pillars incorporated across AXA IM Core portfolios



Source: AXA IM. For illustrative purposes only. AXA IM reserves the right to modify any of the procedures, process and controls described herein at its discretion.

*The ESG data used in the investment process are based on ESG methodologies which rely in part on third party data, and in some cases are internally developed. They are subjective and may change over time. Despite several initiatives, the lack of harmonised definitions can make ESG criteria heterogeneous. As such, the different investment strategies that use ESG criteria and ESG reporting are difficult to compare with each other. Strategies that incorporate ESG criteria and those that incorporate sustainable development criteria may use ESG data that appear similar but which should be distinguished because their calculation method may be different.

Our Responsible Investing offering

A full range of strategies to help you meet your goals



ESG Integrated

ESG incorporated into the investment process to help achieve risk-adjusted returns

3 ESG Integration Pillars

- *ESG score/research used in investment process*
- *Exclusions*
- *Stewardship*

ESG score objective *(for some funds)*



ACT

Investing with purpose to support the transition to a more sustainable economy

3 ESG Integration Pillars

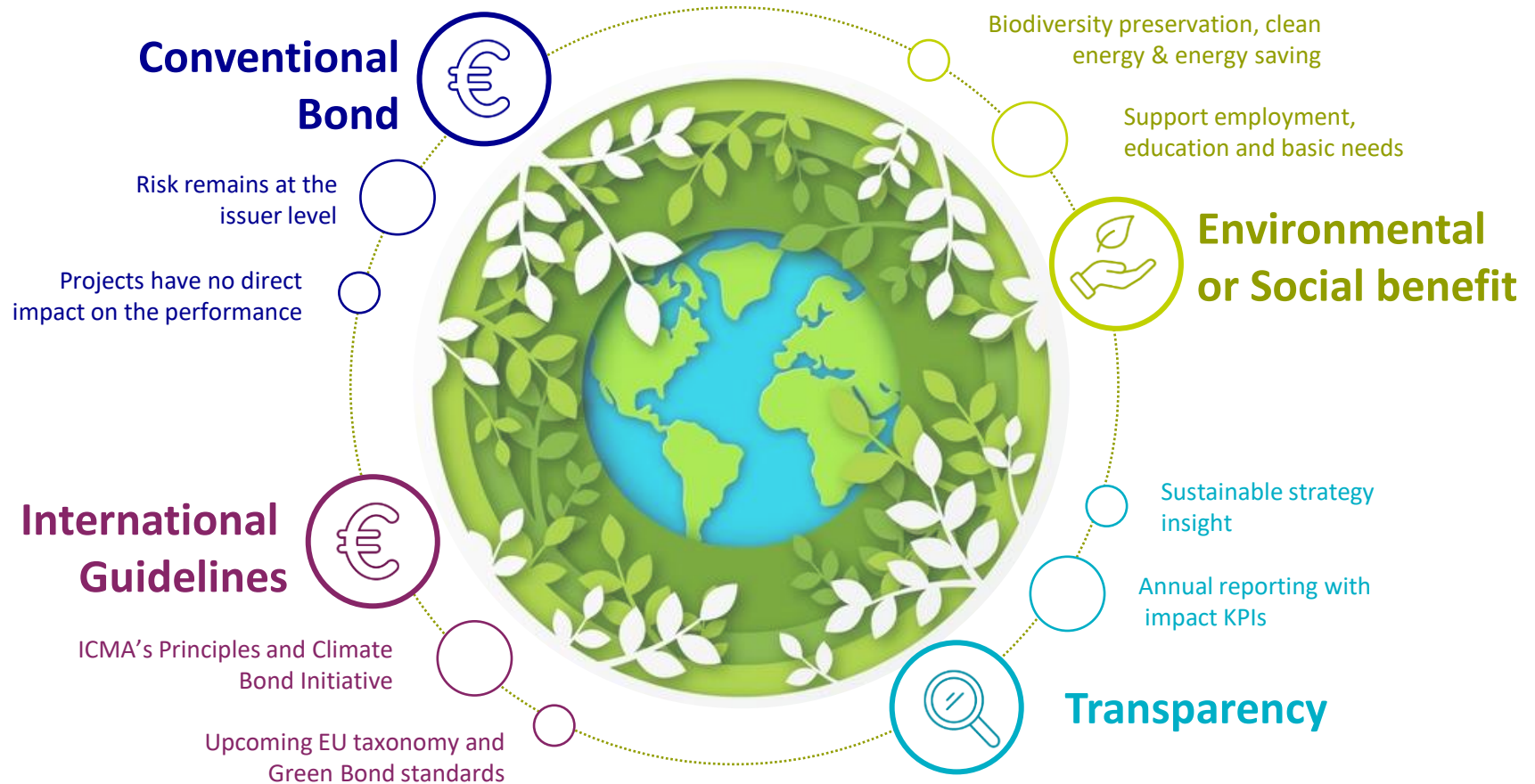
- *ESG score/research used in investment process*
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- *Stewardship*

Thematic E/S/G objective and/or UN SDG Objective

Sustainable Bond market

Green, social and Sustainability bond?

A transparent tool to finance environmental or social friendly projects at no additional cost



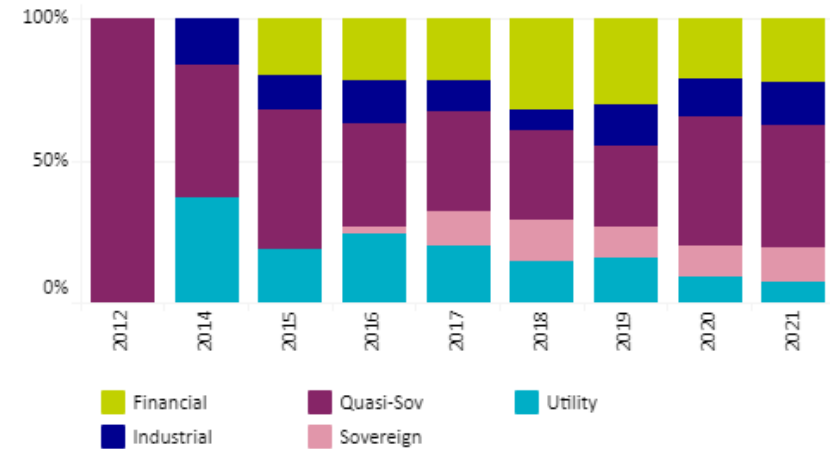
Green, Social and Sustainable Bond market

There is more than Green Bonds

Cumulative volume of issuance per year (\$bn)



Issuance breakdown by sector (%)



\$1,3tn
market value

\$361bn
issuances YTD

435
Green issuers

78
Social issuers

126
Sustainable issuers

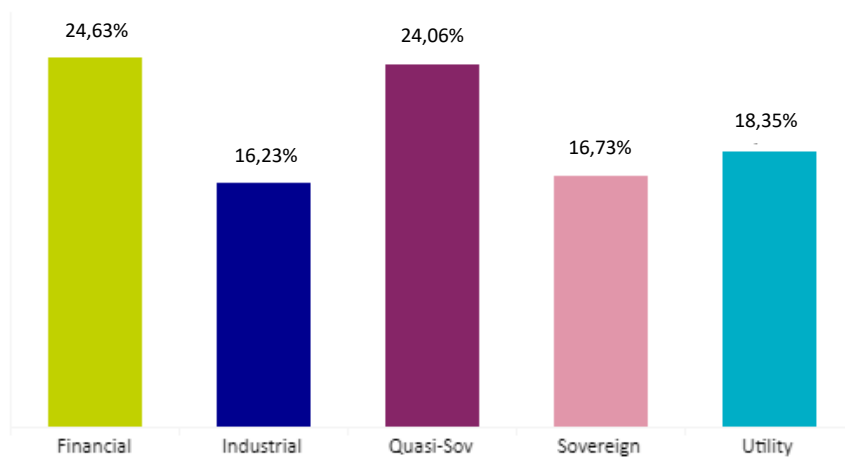
Social and Sustainability bond issuance picked up significantly over 2020 mostly thanks to quasi-sovereign entities

Green Bond market

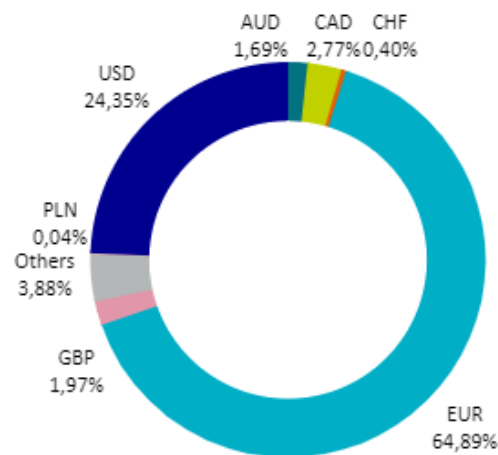
From a niche market to a credible and well balanced alternative to the Conventional bond market

\$842bn market value	435 issuers	A+ Average rating	7,6y duration	0,61% EUR Hedged yield
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Sector Breakdown



Currency Breakdown



Investment approach

Why invest in Green Bonds?



Finance the transition to a low carbon economy



Reduce exposure to **climate change** risks: physical and transition risks



Invest in companies **better positioned** to seize opportunities in a low carbon economy (Renewable, EVs, Efficient buildings...)



Benefit from **highest transparency** requirements to track every project funded and quantify their impact



Invest in a **very dynamic market** segment

A Dedicated Assessment Framework

A proprietary process to define and monitor eligible Green investments



ISSUER'S SUSTAINABILITY STRATEGY

- Overall strategy's alignment with green bond projects
- Environmental track record and targets
- Meetings with the management
- ESG Quality

PROJECT TYPES



- Transparency on projects
 - Project greenness
 - External certifications



MANAGEMENT OF PROCEEDS

- Financing new assets or Refinancing
- Internal process for tracking proceeds
- Segregated pool of assets
- External verification

IMPACT REPORTING



- Impact indicators reporting commitment
 - Pre- and/or Post-issuance
 - Relevance of KPIs
 - Third party verification



AXA WF Global Green Bonds

Portfolio Overview

Finance the Transition towards a low carbon economy	<ul style="list-style-type: none">• A purist approach that focuses on Green bonds• 4 environmental themes: Smart energy solution, low carbon transportation, Green buildings, Sustainable ecosystem
Transparent and measurable impact metrics	<ul style="list-style-type: none">• A dedicated impact report with specific KPIs, and transparency regarding environmental project financed• A focus on SDG contribution towards environmental and societal issues
A global and diversified solution	<ul style="list-style-type: none">• A wide range of alpha sources from asset and geographical allocation to term structure management• A well balanced universe to navigate through market cycles
Robust and disciplined investment process	<ul style="list-style-type: none">• Global and Active Fixed Income process supported by large resources• A proprietary Green bond framework and ESG scoring methodology

AXA WF Global Green Bonds

In a nutshell

